

**Statement of Congressman Mike Ferguson**  
**“Wrong Numbers: The Accounting Problems at WorldCom”**  
**July 8, 2002**

Good afternoon and thank you, Chairman Oxley, for holding this important hearing on WorldCom. The American people deserve to know why thousands of people lost millions of dollars because a few individuals fraudulently manipulated the company's financial condition and misled investors.

I was extremely disappointed to learn that two former WorldCom executives this committee subpoenaed - Bernard Ebbers, former chairman, and Scott Sullivan, former chief financial officer - have refused to testify. Your silence may have saved you today, but know that eventually we will get answers to difficult questions, and we will get to the bottom of this situation. There will be consequences. While it is your constitutional right to maintain your silence, know that it speaks volumes - there is no dispute that you have caused employees to lose their jobs and other hardworking Americans to lose their savings.

WorldCom's demise has not only been detrimental to retirement savings and other investments into mutual funds, pension funds, and other vehicles that invested in the company, it has had a tremendous impact on investor confidence, the strength of capital markets and overall health of our economy - which cannot be overstated. Strengthening these areas of corporate responsibility, accounting oversight, and investor information, is our highest priority as our economy recovers.

I commend Chairman Oxley and this committee for working on legislation that passed the House with over 330 votes and will ensure that our markets emerge stronger than ever. The legislation holds Corporate America more accountable to employees and shareholders through stricter accounting standards and tougher disclosure requirements. It also recognizes the need for corporate leaders to act responsibly, and holds them accountable if they fail to do so - specific language requires high-ranking executives to vouch for company financial statements and makes it a crime for any individual to interfere with a corporate audit. Most importantly, it ensures the highest standards of auditor independence, ethics and competence in a manner that will strengthen the financial future of America's retirees, investors, and employees of publicly traded companies.

The WorldCom debacle highlights the need for such legislation. I urge the Senate to move forward with similar language that will allow us to move one step closer to meaningful reforms.

Finally, since there are some individuals who insist on illegally and unethically manipulating the system, let me be direct and succinct. To corporate CEOs and the accounting firms that audit their companies, let me be very clear: If you violate the public's trust, if you flush down the drain the retirement security of millions of Americans, you will -- and you deserve to -- go to jail. And to company executives: you will not be able to walk away with millions of stock options, having brought a company to bankruptcy, without there being consequences for your actions.

Thank you, Mr. Chairman and I look forward to hearing the testimony of these panels.